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A Study of the United States Steel Corporation in its Industrial and Legal Aspects. By HORACE L. WILGUS. Chicago : Callaghan & Company, 1901. 8vo, pp. xiii + 222.

AS THE title suggests, Professor Wilgus has divided his study under two heads, the formation and the industrial position of the United States Steel Corporation, and the legal considerations that affect its status as a "trust." Under the first head the author is the faithful recorder of facts, deferring his personal opinions to the latter. A vein of optimism cannot, however, be concealed.

The presentation of the conditions that preceded and led up to the formation of the trust shows the hand of the lawyer. It is graphic and logical. The reader is given a bird's-eye view of the situation which brings out the main features without overburdening details. "What Is It ? Who Formed the Combination ? Why Was it Formed ? How Formed ?" are the subheads under division on "Formation." The human element has not been neglected. The personalities of the chief actors, J. P. Morgan and Carnegie, have received a brief sketch. Professor Wilgus must be given due credit for calling attention to the influence of the personal element in the directing of economic activity. The human actor is too often overlooked in economic treatises. Another valuable contribution to the discussion of modern business organization is the author's analysis of the management of this great corporation. The machinery by which the enormous resources of the corporation are held together and made effective in all its ramifications, the source of initiative and vigorous policy, the dwindling power of ownership as typified by the shareholders and the growing power of control of the directors are often overshadowed by the magnitude of the productive results. What the author has done to present a clear analysis of the managerial function in the case of this corporation will be appreciated by every student of corporate activity.

In treating the legal aspects of the United States Steel Corporation the author asks, "Is it an illegal trust ?" The illegality of a trust depends upon its substance and its form. Although it is never quite fair to quote an author's summary without indicating his argumentation or qualifications the following quotations give in substance the author's position :

From the review we have taken of the industrial side of the United States Steel Corporation, and waiving all questions of form, it is reasonably certain

that it is a combination made with the intent, effect, power, and tendency to restrain competition in the iron and steel business (p. 74).

In regard to the illegality of form the author draws parallels between the forms of organization of the Standard Oil Trust and the steel corporation showing the virtual similarity of both, and ends with the remark :

If these views be correct, it is not unlikely that in the states having a policy forbidding the creation of trusts and monopolies, the court will hold it [the steel corporation] to be an illegal trust within even the strict meaning of that term (p. 86).

The optimistic view of the author as an economist seems, therefore, to come in conflict with the conclusions of the lawyer. Any combination that has the power and tendency to restrain competition is sinful before the law. The old status, where free competition was the guardian, or was supposed to be, of just prices and social welfare, must be preserved by the court. The author recognizes the human factors that are constantly at work in society, discarding old methods and seeking new forms more adapted to an efficient and profitable business. These new forms come in inevitable contact with the legal recognition of the old, and the author finds himself in a dilemma how to preserve the value of the new form of business without breaking the law. This dilemma remains unsolved. The author shows that the state and federal governments have power to control the business of a corporation when it becomes injurious to the public welfare. The artificial raising of prices through combination is unlawful. But combinations that have this power inevitably grow up. If the United States Steel Corporation is unlawful, for the reasons stated, then its existence should be made impossible by the courts and not only its possible effect upon prices. A compromise must be found by the law wherein the trusts will be recognized and public interest maintained through other safeguards than those afforded by free competition.

To complete the comprehensive view of the power and extent of the United States Steel Corporation, tables and appendix are added to the main discussion. Professor Wilgus's contribution is one of the clearest and most practical of the books on trusts.

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